GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:72
ANSWERED ON:04.03.2005
REFINANCE INTEREST RATE
Singh Shri Kirti Vardhan;Tripathy Shri Braja Kishore

Will the Minister of FINANCE be pleased to state:

(a) whether NABARD has reduced the rate of interest on refinance to increase the agriculture credits in the country;

(b) if so, the details thereof;

(c) the details of schemes of NABARD disbursed loans, the target fixed and achieved under such schemes during 2003-04 and 2004-05; and

(d) the action taken to boost the loan assistance among agriculture graduates and post-graduates in various States ?

Answer

FINANCE MINISTER (SHRI P.CHIDAMBARAM)

(a) to (d): A Statement is laid on the Table of the House.

Statement referred to Parts (a), (b), (c) and (d) of Lok Sabha Starred Question No. 72 to be answered on 4th March, 2005 regarding Refinance Interest Rate tabled by Shri Kirti Vardhan Singh and Shri Braja Kishore Tripathy.

(a & b): Yes, Sir. With effect from 13lh February, 2004, the rates of interest on short-term refinance for seasonal agricultural operations are in the range of 5.25% to 5.75% as against the earlier range of 5.50% to 6.00%. The rates of interest on schematic refinance for farm/non-farm sectors (term-loans) are now in a range of 5.50% to 6.75% against the previous range of 5.75% to 7%.The details are given in Annex-l.

(c): The details of the disbursement and achievement under the different schemes of NABARD are at Annex-ll.

(d): The initiatives taken by NABARD to boost loan assistance among agriculture graduates and post graduates in various states are as under:

1 Under the Agri-Clinics and Agri-business Centers (ACABQ Scheme introduced in 2001, agriculture graduates are eligible for loan assistance to set up ACABC units.

2 Margin money/collateral requirement has been waived for loans uptoRs. 5 lakh

3 Refinance support under automatic refinance facilities is beingallowed.

4 Soft loan assistance for margin money may be availed irrespective of availment of refinance from NABARD.

5 Rate of interest on refinance has been fixed at 5.5% irrespective of size of the loan.

6 Six months expenses for setting up of units is allowed to be capitalized and included in the project cost it

7 Eight districts have been identified in eight states for intensified implementation of the scheme.